

Global Secure.txt
From: Cheryl Campbell [campbell@itglobalsecure.net]
Sent: Monday, December 13, 2004 10:14 PM
To: Size Standards Review
Subject: Comments on venture capital firm access to SBIR funds

Cheryl Campbell
Pres.
IT Global Secure Inc.
1837 16th St NW
Washington, DC 20009

December 13, 2004

Size Standards Review
Administrator

Dear Size Standards Review:

Please consider my comments regarding venture capital firm access to Small Business Innovation and Research funds.

Comments regarding venture capital firm access to SBIR funds:

We concur that the issuing of SBIRs to heavily funded companies appears at odds with the goal to support cutting edge seed technology companies with long-term potential. Certainly in the past few years, companies creating those technologies of most interest to the SBIR program have had VERY great difficulty in obtaining any sort of funding in these lean capital markets. VCs are typically looking at companies with revenue streams in excess of \$5M, and/or in need of mezzanine capital.

We believe that the simplest way to solve this problem is to state that companies having received investment in excess of \$5M (or something to that effect) are ineligible for SBIR funding. This is regardless of investment source (investment banks, finders, angels, or established VC firms). In this way, you get funding directed to those companies in the seed and early product (pre-revenue or small revenue stage) whose interests are aligned with the SBIR goals. In addition, these firms will be most motivated to make the best use of their SBIR funds, given the absence of any significant other outside funding.

We believe a financial threshold would be much more effective than picking a threshold for percent ownership.

Thank you for considering my comments. To learn more about the National Association of Government Contractors visit www.contractaccess.org.

Sincerely,

Cheryl Campbell
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Pres.
IT Global Secure Inc.